



State of Utah

DEPARTMENT OF ENVIRONMENTAL QUALITY DIVISION OF WATER QUALITY

m/023/007

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June 9, 2000

Stephen Flechner, President
North Lily Mining Company
1800 Glenarm Place, Suite 210
Denver, Colorado 80202

Subject: Request for Extension Use of Barren and Overflow Ponds,
NOV and Order No. UGW2004

Dear Mr. Flechner:

The Division of Water Quality is in receipt of your letter dated May 15, 1999, requesting extension of the deadline to cease utilization of the barren and overflow storage ponds. In the letter, your company proposes to continue using the two ponds as water retention ponds until fluid is completely transferred to the pregnant pond. This is in contrast to the fact that North Lily was required to cease operation of the ponds by May 20, 2000, according to item 4 of the Notice of Violation (NOV) and Order Docket No. UGW2004 issued on March 7, 2000.

North Lily submitted a revised proposal on May 19, 2000, requesting to temporally utilize the barren and the overflow storage ponds for enhanced evaporation. We have reviewed the proposal and hereby approve the extension and proposed plan based on the following conditions:

1. Recent inspections reveal that part of the primary liners covering the upper portion of the dikes of the barren pond and the overflow pond have been deteriorated. As stated in your letter, all the storage ponds are lined with 30-mil PVC secondary liners. However, at this time it is not possible to evaluate the integrity of the secondary liners visually. Because of these conditions, **North Lily must maintain a water level limit of 4 feet or less of standing water in any of the two ponds, barren and overflow, during the proposed operation.** Frequent inspection of water level in the ponds must be

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performed in order to ensure that the levels are maintained as required. In addition, the designated pumps and water lines must be regularly inspected and maintained for proper functioning to ensure that excess water is pumped back to pregnant pond without delay.

2. Your report states that fluids in the two storage ponds, barren and overflow ponds, are less the result of past heap leach operations than storm events. We reviewed previous water quality analysis of fluids in the ponds compared to analysis made from pad runoff fluid, which the later drains directly into pregnant pond. According to samples collected from the ponds and the pad runoff on September 19, 1999, and on April 3, 2000 by DWQ staff, concentrations of contaminants in both waters in general are of the same magnitude. Based on these laboratory reports, we believe that transferring fluid from the barren and overflow ponds to the pregnant pond or vice versa through the evaporation process will not significantly alter the quality of water already stored in each pond. Therefore, there is no water quality justification for continuing to store water in the barren and overflow ponds.
3. Your report indicates that the use of the barren and overflow ponds for additional evaporation will be a short term activity to accelerate disposal of excess fluids stored in the facility. Upon achieving the anticipated evaporation, the system must be dismantled and removed from both barren and overflow ponds. Accordingly, the NOV and Docket No. UGW2004, item #5, requires North Lily to permanently decommission the two ponds by July 30, 2000. **Therefore, North Lily must still remove all fluid stored in the two storage ponds and the ponds must be closed on or before this deadline.**
4. In the report, you state that it is the intention of North Lily to install an in-pond evaporation system in the pregnant pond to continue evaporation of excess fluid. The NOV and Order No. UGW2004 states that the liner and the Discharge Minimization Technology (DMT) of the pregnant pond must be restored prior to continuing use for storage. As we understood from previous correspondences and meetings, the high water level in the pond has been delaying the liner repair process by making it difficult to access the interior of the pond. **We still require that DMT be restored in the pregnant pond as soon as the water level is lowered.** We believe that the recently installed in-pad evaporation system, in conjunction with the proposed additional enhanced evaporation system in barren and overflow ponds, will lower the water level in the pond by a significant amount. We advice you to employ these opportunities to expedite the repair work. Liner repairs and testings must be done according to conditions listed in our letter of May 15, 2000. Reports confirming implementation of the work must be submitted within 10 days after completion of repairs and testings as stated in the letter.
5. We understand that the existing in-pad evaporation system must be removed from the pad in order to reclaim the heap leach. While we acknowledge that the in-pad evaporation system will reduce the amount of the stored fluid volumes in the three storage ponds, only a certain portion of the fluid is

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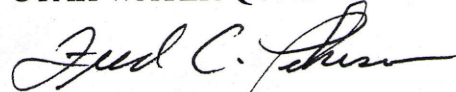
subject to evaporation. Our concern is that the storage fluid volume in the heap will significantly increase. In time this water will have to report back to the drain down ditch and will still have to be dealt with. Therefore, a long term plan describing disposal of excess fluid that will be generated from the heap leach during and after closure of the heap leach must be submitted for approval by the Executive Secretary. Said plan must provide short and long term estimates of the return fluid flow rate and how this water will be managed.

The conditions outlined above must be satisfied in order to proceed with the proposed time extension for continued utilization of the two ponds. The conditions above must be satisfied for North Lily to remain in compliance with the order previously issued.

If you have any questions, please contact Beth Wondimu of this office at (801) 538-6084.

Sincerely,

UTAH WATER QUALITY BOARD



for Don A. Ostler, P.E.
Executive Secretary

DAO:DAF:BW:bjr

CC: Central Utah Health Department
Fred Nelson, Assistant Attorney General
Roger Foisy, District Engineer
Wayne Hedberg, Division of Oil, Gas and Mining
Tom Bingham, Mining Association of Utah

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